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C O N F I D E N T I A L VIENNA 000956

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DEPARTMENT FOR ISN, SA, EUR/PRM. EUR/PGI, EUR/ERA  
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SUBJECT: U.S.-EU TROIKA ON NONPROLIFERATION, ARMS CONTROL  
AND DISARMAMENT, MARCH 24

Classified By: ECONOMIC-POLITICAL COUNSELOR GREGORY E. PHILLIPS  
REASONS: 1.4 (B) AND (D)

¶1. (SBU) INTRODUCTION: ISN Acting DAS Andrew Semmel and Acting Permanent Representative to Geneva Conference on Disarmament Thomas Cynkin met representatives of the Austrian EU Presidency, the future Finnish Presidency, the European Commission's delegation to IAEA, and the EU Council Secretariat (including HiRep Javier Solana's personal

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representative for nonproliferation and disarmament, Annalisa Giannella) on March 24 in Vienna. The meeting covered the gamut of regional and global nonproliferation, disarmament, and arms control issues. Semmel provided a brief read-out of the G-8 Global Partnership meeting he attended two days earlier in Moscow and a description of the Department of State reorganization resulting in the creation of the International Security and Nonproliferation (ISN) bureau. The talks proceeded in a markedly cooperative and constructive atmosphere and demonstrated a broad transatlantic consensus on many multilateral issues, but also highlighted some difference in approach. END INTRODUCTION.

Regional Issues

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IRAN

¶2. (C) DAS Semmel noted that Iran was not only on a trajectory to master all stages of the nuclear fuel cycle, but that documents discovered by the IAEA showed that Iran was seeking the capability to fit nuclear devices onto delivery vehicles. The March IAEA Board of Governors (BoG) decision to report Iran's case formally to the UNSC was necessary because the IAEA is a technical organization without its own enforcement capabilities. However, it was clear that Russia and China did not want the SC to move too quickly toward sanctions. The stakes were enormous. The international community had a huge investment in nonproliferation regimes. An Iranian success in developing a nuclear weapons capability, despite significant efforts to prevent them from doing so, would demonstrate that there was something fundamentally wrong with these regimes.

¶3. (C) The Council Secretariat's Annalisa Giannella agreed with this analysis, pointing out that while Russia is a key partner for Iran in the field of nuclear cooperation, China also has commercial energy contracts with Iran. She did not think that either Russia or China would risk vetoing a SC resolution. However, for now, a statement by the Presidency of the Security Council would show international unity in the face of the Iranian proliferation threat. While the Russians and Chinese wanted to keep the Iranian case at the level of the IAEA, the EU could not accept subordinating the Security Council to the IAEA, she said. The EU was concerned that WMD acquisition by Iran would unleash a regional arms race.

¶4. (C) Giannella thought that the West needed to work more on the public affairs aspect of the crisis. Some non-aligned countries were falling for the Iranian line that Iran was a victim of a discriminatory regime, thus confusing a nuclear weapons capability with a civilian energy program. Semmel added that the U.S. would insist that Iran be in compliance with its nonproliferation commitments before it could derive the benefits of civilian nuclear energy cooperation. Giannella responded that to resolve the crisis, the EU would ultimately need to make a more concrete offer of cooperation with Iran as an incentive. However, this was currently not possible because European companies did not want to risk losing the American market because of U.S. sanctions.

#### NORTH KOREA

¶5. (SBU) Semmel reviewed the status of the Six-Party process, noting the lack of recent movement. North Korea was now dragging its feet on returning to the six-party negotiations, claiming that legally mandated U.S. financial measures were, in Semmel's words, a "boulder in the road." China continued to play a pivotal and essentially constructive role, since it also did not want to deal with a nuclear-armed DPRK.

¶6. (SBU) Austrian MFA DAS for nuclear nonproliferation Alexander Kmentt informed the U.S. side that the EU had completed its internal deliberations and was now prepared to contribute to the administrative costs of winding up KEDO. He inquired about a date for the next KEDO executive council meeting.

#### INDIA

¶7. (C) Kmentt said that there was, as yet, no common EU position on the U.S.-India civilian nuclear cooperation initiative. Many EU member states did not feel that they had all the information required to make an informed decision. He noted that the EU established a strategic dialogue with India at the September 2005 EU-India summit. Senior officials would continue this dialogue in May 2006 at an EU-India Troika on global and regional security, nonproliferation and disarmament. The U.S.-India initiative would occupy a prominent place on the agenda for this meeting.

¶8. (C) Kmentt also reviewed the March 23 NSG Consultative Group meeting. He said EU member states had mostly posed questions about the Indian separation plan. However, there were also deep-seated concerns about possible repercussions for the NPT. The EU wondered if the deal might not indirectly help the Indian military program. Some EU member states criticized that the agreement did not stipulate a moratorium on production of fissile material, or elicit India's support for CTBT.

¶9. (C) There were further questions about the scope and intent of safeguards, Kmentt noted. India had not yet approached the IAEA with any concrete proposal. It was not clear what sort of Additional Protocol was envisioned, since the purpose of the AP was to search for illicit activities. This could not be the case for India, which would retain an avowed strategic program.

¶10. (C) Giannella said that many were questioning why the

deal did not call for India to cease production of fissile material. It was a positive step that the U.S. and India had agreed to work toward a Fissile Material Cutoff Treaty (FMCT), but this would clearly take a long time to negotiate.

In the meantime, India would be free to accumulate stockpiles and imports of civilian nuclear fuel might free capacity for military uses.

¶11. (C) Semmel said this line of argument would not stand up to closer scrutiny. First, India already had significant stockpiles, and relatively finite amounts were needed to produce more weapons. Second, one could argue that any time India imported other fuels - gas or oil - they were also freeing up nuclear supplies for military use. However, if India was serious about meeting its burgeoning energy needs by expanding its use of nuclear energy, then the more transparent they were - i.e., the more reactors and facilities they put under safeguards - the more external assistance they would be eligible to get.

¶12. (C) In response to an EU inquiry, Semmel told the EU representatives that the U.S. timeline and sequencing called for several things to happen. The Administration would first submit the plan to Congress to request a waiver for India of provisions in the Atomic Energy Act, Section 123 that prohibit nuclear cooperation. Then the USG would seek consensus within the NSG for an India-specific exception to the NSG guidelines. Finally, the USG must negotiate a bilateral nuclear cooperation agreement. The USG would seek assurances regarding continuity of supply of nuclear fuel.

¶13. (C) Kmentt said that China had been reticent in the NSG meeting, but Pakistan would obviously be very concerned. Cynkin noted that four of the P-5 have observed a moratorium on testing, with China the sole exception. The regional rivalry that had led India to test was primarily the perceived strategic threat from China.

¶14. (C) Kmentt summed up by saying that it would be hard for many to accept the agreement as a net gain for nonproliferation. However, all should realize the importance of engaging India. There were economic issues in the initiative that transcended narrow nonproliferation goals. The overall decision on how and when to proceed should take place in consideration of these overarching goals. Still, the international community would have to consider the serious issues it raised for global nonproliferation regimes.

¶15. (C) Embassy comment: Kmentt referred later in an aside to a meeting on March 22 between SCA A/S Richard Boucher and Austrian MFA Political Director Mayr-Harting in which the U.S.-India agreement figured prominently. The Austrian government appears to have taken account of Boucher's argument that the U.S.-India initiative has merits beyond the nonproliferation concerns and seems to be prepared to evaluate it in this context. End comment.

#### SYRIA

¶16. (SBU) Giannella explained that the EU-Syrian Trade and Cooperation Agreement (TCA) was "frozen," meaning that it was initialed but never signed. The EU had not even begun the process of submitting it to the Council of Ministers for approval. There were several political concerns that led to putting the agreement on ice, chief among which was the Syrian role in Lebanon. DAS Semmel thanked her for the information, and noted that the U.S. also had serious concerns about chemical weapons proliferation with regard to Syria.

#### Export Controls

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#### MTCR

¶17. (C) Finnish MFA Director for Arms Control Laura Kansikas-Debraise told us that the accession of newer EU

member states and candidate states (such as Romania) would strengthen the MTCR. The EU would welcome U.S. support for this. Semmel assured the EU that the U.S. continued to support membership for those countries, but would not agree to the linkages Russia was trying to make, particularly regarding Kazakhstan and China.

#### HAGUE CODE OF CONDUCT

¶18. (C) Semmel noted that the U.S. had not yet given pre-launch notifications (PLN) under the HCOC, but wanted to resolve issues concerning a bilateral MoU on PLN with Russia first. Cynkin explained that the Russians had not shown sufficient flexibility on taxation and liability provisions of the MoU, which was obstructing progress.

#### AUSTRALIA GROUP MEMBERSHIP

¶19. (C) Kmentt said that Russia had recently demarched all 25 EU capitals to generate support for its Australia Group (AG) membership. The EU tended generally to look with favor on the application, recognizing Russia's importance as an exporter. The EU might - without establishing an explicit linkage - deliver its response to Russia just before the next MTCR meeting.

¶20. (C) Semmel agreed that Russia was adamant about its ambitions to join the AG. However, the U.S. had noted some recent slippage in Russian export controls, particularly regarding certain entities. The U.S. would insist in particular on full compliance with BTCW Convention obligations. The USG hoped that holding fast to these standards would induce Russia to make the necessary adjustments.

#### EXBS

¶21. (C) Giannella described EU programs similar in their objectives to EXBS. The German customs and export control authority, BAFA, is working with China on training customs officials. The Swedish NGO SIPRI has similar programs for Ukraine and the Balkans. The EU has told India and Pakistan that they cannot have a fully successful economic relationship with the EU without addressing Europe's concerns on export controls. The EU is planning a program to help India and Pakistan strengthen export control regimes.

#### NSG

¶22. (C) Semmel said the U.S. had supported the UK/Austrian proposal to strengthen President Bush's initiative to require the Additional Protocol as a Condition of Supply. However, Brazil was resisting this. Kmentt referred to an EU Troika with Brazil in December 2005 at which Brazil had hinted at possible movement. Kmentt hoped that a French/Russian proposal floated in the NSG on March 23 might lead to a breakthrough.

#### UNSCR 1540

¶23. (SBU) U.S. and EU representatives agreed on the necessity of an extension to UN Security Council resolution ¶1540. Semmel noted that the U.S. would like to see UNSCR 1540 reinforced with a provision on sanctions against companies involved in financing proliferation along the lines of E.O. 13382; he further noted that while this is a preference, the USG would be reluctant to pursue this provision if it jeopardized extension of the Resolution for another two-year period.

#### Nuclear Issues -----

#### NPT

¶24. (SBU) Kmentt observed that the previous Troika had taken stock of the 2005 NPT RevCon. Austria wanted to propose

holding the next PrepCom in Vienna in 2007 in conjunction with the fiftieth anniversary of the IAEA : perhaps the change of scenery would help make the best use of the preparation process. The NPT is going through a difficult phase, he said, and it was important that the Western group avoid divisions - in the interest of all NPT parties.

¶25. (SBU) Semmel said it was in some ways unfortunate that NPT rules would not allow partial agreements - the 2005 RevCon had shown a great degree of consensus on export controls, for example. He reaffirmed the U.S. view of the NPT as the keystone of global nonproliferation efforts, and hoped eventually for universal membership. Regarding President Bush's 2004 proposal to ban transfers of enrichment and reprocessing facilities (ENR) to countries that do not already have fully functioning facilities, the U.S. and EU delegations noted that Russia would bring in a criteria-based proposal in the G-8 context and that IAEA Director General El Baradei was proposing a long-term moratorium on such transfers.

#### IAEA

¶26. (SBU) Kmentt said the EU was currently implementing joint actions in support of the IAEA on physical protection of facilities, protection of radiological sources, and against trafficking in nuclear materials. Another possibility was assistance on national legislation to implement the Additional Protocol. The EU regretted that the Committee on Safeguards and Verification (CSV) had gotten bogged down on administrative issues. Semmel said the U.S. would support using the 2004 surplus to pay for the CSV. The U.S. had prepared a draft work program for the CSV and would fight to make this committee more effective.

#### Disarmament Issues -----

#### CONFERENCE ON DISARMAMENT (CD)

¶27. (C) U.S. Acting Permanent Representative to the CD

Thomas Cynkin said the U.S. was disappointed that attempts by others to create linkages between different issues, or even a "package deal" of political trade-offs, had blocked consensus on a CD work program. The U.S., along with many others, believed that the next logical step for the CD would be to agree to a "clean," stand-alone mandate for negotiating a Fissile Material Cutoff Treaty (FMCT). While U.S. experts had concluded that such a treaty could not be effectively verifiable, there would be value in having a normative treaty. Cynkin expressed appreciation for the EU common position on FMCT, which calls for negotiations without preconditions, but asked the EU to consider dropping from its common position any reference to the Shannon Mandate, which insists a priori upon effective verification of any FMCT agreement.

¶28. (C) EU representatives concurred that the issue ripe for progress in the CD was the FMCT. However, Finnish Arms Control Director Kansiskas-Debraise said we needed to show responsiveness to NAM concerns. Kmentt asked if it would not be possible to offer face-saving concessions to the G-21 to get things moving. Giannella said the EU was concerned about the general atmosphere in global nonproliferation fora, which she said was "very tense." A little flexibility on procedural issues might achieve a lot on substance.

#### UN DISARMAMENT COMMISSION (UNDC)

¶29. (C) U.S. and EU representatives welcomed the resumption of UNDC work after a three-year hiatus. Austrian MFA A/S Dorothea Auer asked how UNDC working methods could be improved and suggested beginning with easier topics. The start of talks would be a good opportunity to engage the NAM countries and clear out some misunderstandings. Cynkin responded that U.S.-EU cooperation and candor were key to ensuring that talks were productive. There would be little



point in a superficial approach that pretended things were on track if they weren't.

#### BIOLOGICAL AND TOXIN WEAPONS CONVENTION

¶30. (SBU) Auer gave the U.S. side copies of the EU Joint Action approved by the EU Council of Ministers on February 27, along with a "Draft EU Action Plan on biological and toxin weapons, complementary to the EU Joint Action in support of the BTWC." Auer said the EU wished to increase the effectiveness of the Secretary General's mechanisms for investigating alleged use of chemical and biological weapons.

The concept was to engage as many countries as possible to increase national compliance and transparency through confidence-building measures (CBMs).

¶31. (SBU) Giannella added that the EU wanted to help countries translate convention obligations into national legislation and promote accession to the BTCW by states not yet parties. The EU was planning five regional workshops in 2006-2007 in Western and Central Africa, Eastern and Southern Africa, the Middle East, Asia/Pacific and Latin America/Caribbean. Cynkin said the U.S. would look carefully at the initiatives.

¶32. (SBU) Auer provided a copy of an EU Common Position on the 2006 RevCon. A discussion ensued about the dates (and length) of the RevCon. Giannella said the EU was working on a substantive proposal for the RevCon, including a draft agenda to share with the U.S. The U.S. and EU sides agreed to exchange ideas for the RevCon in advance of the April PrepCom via e-mail.

#### CHEMICAL WEAPONS CONVENTION (CWC)

¶33. (C) The EU side turned over a copy of a December 12, 2005 EU Council Joint Action on support for the Organization for the Prohibition of Chemical Weapons (OPCW) activities "in the framework of the implementation of the EU Strategy against Proliferation of Weapons of Mass Destruction." Giannella noted the EU's goal of universal compliance with the CWC, saying she hoped there would be no difficulties with meeting deadlines for destruction of chemical weapons. The

EU had not been pleased that Russia had coupled its request for extension with an application for assistance. Auer pointed out the April deadline for extension requests.

¶34. (C) Cynkin said the U.S. intended to request the maximum extension until 2012, and that we do not expect to be able to complete destruction by that time. He explained the U.S. had very extensive stockpiles and had already destroyed more agent than all other declared CW possessors combined. However, technical and regulatory challenges had caused delays. The USG would report the situation to the U.S. Congress. Cynkin asked for EU understanding of the difficulties and solicited ideas on how to manage the impact on general compliance. Giannella said the U.S. should lay out a clear road map with precise, credible benchmarks, including explanations of the technical problems and how they could be overcome.

#### CONVENTION ON CONVENTIONAL WEAPONS (CCW)

¶35. (C) Finland's Kansiskas-Debraise said the EU had been disappointed in the outcome of the March meeting in Geneva, particularly regarding a protocol on land mines other than anti-personnel mines (MOTAPM). She thought the paper tabled in November had contained so many compromises that it would be difficult to go beyond that - otherwise, the result might be "worthless." Cynkin said that the U.S. and EU should raise the pressure on recalcitrant states such as China, Russia and Pakistan.

¶36. (C) Cynkin brought up President Bush's proposal for a ban on sale or transfer of persistent land mines, but the proposal elicited little enthusiasm from the EU side. Kmentt thought while the proposal had some merit for non-Ottawa

signatories, perhaps the CCW was not the best venue for it, since the majority of CCW members had committed to abolish all mines.

#### DIALOGUE ON VERIFICATION AND COMPLIANCE

¶37. (SBU) Participants agreed that the next U.S.-EU dialogue on this should take place in May 2006. The EU Council Secretariat proposed that this session should focus primarily

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on the Biological (and Toxin) Weapons Convention (BTWC).

#### VIDEO CONFERENCING FUTURE DIALOGUES

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¶38. (SBU) The final agenda item was a U.S. proposal to video conference future U.S.-EU Troika dialogues, noting that it has worked well in other trans-Atlantic fora. The EU did not respond with enthusiasm to this proposal, indicated they would consider the proposal but suggested that future dialogues could meet during other international fora such as the UNGA First Committee in New York.

¶39. (SBU) List of Participants:

Austrian MFA  
Dorothea Auer  
Alexander Kmentt

Finnish MFA  
Laura Kansikas-Debraise  
Tarja Pesamaa

EU Council Secretariat  
Annalisa Giannella  
Stephan Klement  
Zuzana Sutiakova

Commission (Delegation to IAEA)  
Andrew Byrne

U.S.  
ISN DAS Andrew Semmel  
U.S. Acting PermRep to the CD (Geneva) Thomas Cynkin  
Embassy Vienna PolOff Michael DeTar (Notetaker)

¶40. (SBU) ISN DAS Semmel and U.S. Acting PermRep to Geneva CD Cynkin cleared this message.

McCaw